

SNAPSHOT

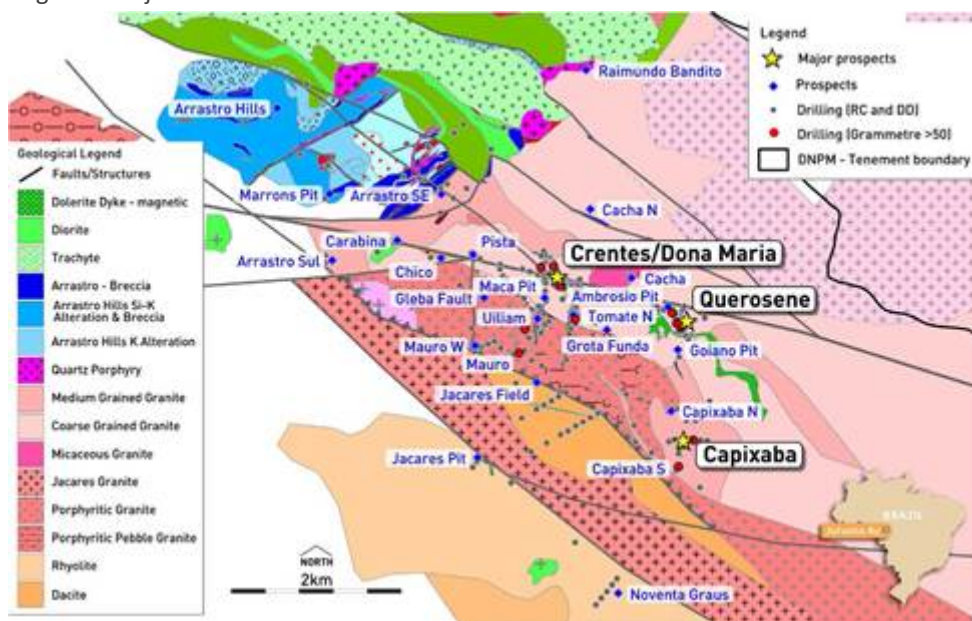
Crusader is progressing its 10,000m drill program at its Juruena Gold Project in Brazil, focussing on a subUS\$50M capex development that is capable of gold production with sub US\$500/oz C1 cash costs. Results to date have been encouraging though the pace of the program has been negatively impacted by drill rig reliability and high water inflows. Of the results received, the Querosene prospect continues to demonstrate shallow high-grade gold mineralisation, remaining open to the south and at depth. On other fronts, both the Borborema Gold Project and Posse Iron Ore operation are benefitting from the high Brazilian Real. We reiterate our Speculative Buy.

EVENT

Crusader has completed c.5,100m of RC and 340m of diamond core at is Juruena gold project located in Brazil. There are currently two drill rigs on site (1 x RC and 1x diamond rig), steadily working through four main targets (Querosene, Crentes, Dona Maria & Capixaba). Querosene is the main focus due to the shallow high grade nature of the mineralisation.

A number of RC holes failed to reach target depth due to high water inflow levels, as well as issues with drill rig reliability. However, holes effectively completed have continued to delineate high gold grades. Some failed RC holes will be followed up with diamond drilling to ensure target depths are achieved, with an additional airpack on its way to assist the RC rig in keeping holes dry.

Regional Project Plan



Juruena Prospect – More good results

At Querosene, CAS has completed 25 RC holes for 3,002m and 2 diamond holes for 340m with better results recently received include:

- 8m @ 6.27 g/t Au from 80m in QR-20, incl. 4m @ 11.46 g/t Au from 80m
- 2m @ 17.62 g/t Au from 84m in QR-21
- 4m @ 3.78 g/t Au from 86m in QR24
- 1m @ 3.36 g/t Au from 86m in QR25

The higher grade mineralisation at Querosene is focussed on the southern portion of the shear zone and extends further south than thought. The drilling has demonstrated a higher grade consistent core within the middle of the drilling to date

Borborema Gold Project – On going re-evaluation

CAS continues to evaluate potential development options for Borborema with Brazilian Real gold prices reaching all-time highs as well as the opportunity to re-size Borborema into a smaller scale operation.

Posse Iron – Sales Somewhat insulated by high BRL

CAS has indicated that Hematitinha sales are ongoing into the domestic Pig Iron market as the fall in the iron ore price have been partially offset by the falling Brazilian Real. The Company has also indicated that the mine gate price for Crusader's products have only retracted modestly when compared to previous year's sales prices, though no details were given.

Crusader has also undertaken cost reduction measures including equipment efficiency improvements, particularly relating to waste movements, the re-negotiation of the mining contract, lower fuel costs & re-negotiated a key spares supply contract. Again, no specifics were detailed by the Company.

INVESTMENT THESIS

The gold exploration continues to deliver good results, though at a somewhat slower pace than planned due to the rig and water issues. We see the gold exploration as the main value driver for the company due to the sizable fall in iron ore price impacting Posse, cost reductions and lack of detail notwithstanding.

We retain our Dec-15 Price of 45cps, with the most upside potential from Juruena and its development potential. Once drilling is completed, we expect a maiden resource to give a good insight into the viability of the project. We maintain our Speculative Buy.

FINANCIAL MODEL SUMMARY

CRUSADER RESOURCES LIMITED CAS

SPECULATIVE BUY

Share Price Dec-15 PT

\$0.20
\$0.47

March 2015

Key Market Information

Share Price	\$0.20
Market Capitalisation	\$27m
52 Week High-Low	0.47 / 0.18
Issued Capital	140.9m
Issued Capital (fully diluted inc. ITM options)	140.9m
Options	27.3m @ 0.45

P&L

	Unit	Jun30 YE 2013A	Dec31 YE 2013 2HA	Dec31 YE 2014E	Dec31 YE 2015E
Total Income	A\$m	2.5	7.0	18.3	22.3
Total Costs	A\$m	6.0	6.4	16.8	17.7
EBITDA	A\$m	(3.5)	0.6	1.5	4.6
Depreciation/Amort	A\$m	0.3	0.3	1.1	1.1
EBIT	A\$m	(3.4)	0.5	0.4	3.5
Net Interest	A\$m	0.2	0.8	0.9	0.3
Pre-Tax Profit	A\$m	(3.7)	(0.3)	(0.6)	3.2
Tax Expense	A\$m	0.1	0.3	(0.5)	0.9
NPAT	A\$m	(3.7)	(0.6)	(0.1)	2.2

Balance Sheet

	Unit	2013A	2013 2HA	2014E	2015E
Cash	A\$m	2.7	2.1	5.8	4.9
Other Current Assets	A\$m	2.2	2.0	2.1	2.2
Total Current Assets	A\$m	4.9	4.1	7.9	7.2
PP&E	A\$m	2.0	1.8	0.2	(1.1)
Mine Properties & Expl.	A\$m	4.6	4.4	4.4	4.4
Other Non Current Assets	A\$m	20.6	20.4	20.4	20.4
Total Non Current Assets	A\$m	27.2	26.7	25.0	23.7
Total Assets	A\$m	32.1	30.8	32.9	30.9
Short Term Debt	A\$m	0.1	4.1	4.1	-
Other Current Liabilities	A\$m	3.4	3.5	3.7	3.9
Total Non Current Liabilities	A\$m	3.5	7.6	7.8	3.9
Long Term Debt	A\$m	3.6	0.0	-	-
Other Non Current Liabilities	A\$m	0.1	0.1	0.1	0.1
Total Non Current Liabilities	A\$m	3.8	0.2	0.1	0.1
Total Liabilities	A\$m	7.3	7.8	7.9	4.0
Net Assets	A\$m	24.8	23.0	25.0	26.8

Cashflow

	Unit	2013A	2013 2HA	2014E	2015E
Receipts from customers	A\$m	1.1	8.1	16.8	22.2
Payments to suppliers	A\$m	(6.6)	(5.8)	(13.3)	(14.2)
Net Interest	A\$m	0.1	(0.3)	(0.2)	-
Tax Charges	A\$m	-	(0.2)	0.6	(0.9)
Other (+/-)	A\$m	-	-	-	-
Net Operating CF	A\$m	(5.3)	1.7	4.0	7.1
- Capex (+asset sales)	A\$m	(1.9)	(0.1)	(0.2)	-
- Exploration Expenditure	A\$m	(7.8)	(2.1)	(4.0)	(3.9)
- Other Investing CF	A\$m	(0.0)	-	-	-
Free Cash Flow	A\$m	(15.1)	(0.5)	(0.2)	3.2
- Dividends	A\$m	-	-	-	-
+ New Equity	A\$m	7.5	-	4.0	-
+ Debt Drawdown/(Repayment)	A\$m	5.0	(0.1)	(0.1)	(4.1)
Net Cash Increase/(Decrease)	A\$m	(2.6)	(0.6)	3.7	(0.9)
FX	A\$m	(0.0)	(0.0)	(0.0)	-
Cash at End Period	A\$m	2.7	2.1	5.8	4.9

Ratio Analysis

	Unit	2013A	2013 2HA	2014E	2015E
Cashflow Per Share	AC	(0.03)	(0.00)	0.01	0.02
Cashflow Multiple	X	(7.5)	(86.9)	26.6	8.5
Earnings Per Share	AC	(0.03)	(0.00)	(0.00)	0.02
Price to Earnings Ratio	X	(6.8)	(40.0)	(303.5)	12.7
Dividends Per Share	AC	-	-	-	-
Dividend Yield	%	-	-	-	-
Net Debt / Equity	%	4%	9%	-7%	-18%
Interest Cover	X	(0.6)	(0.4)	(10.4)	-
Return on Equity	%	-15%	-3%	0%	8%

Valuation

	\$m	\$/share	Dec-15 PT \$m	Dec-15 PT \$/share
Posse Iron	16.3	0.12	15.5	0.11
Borborema	36.5	0.26	36.5	0.26
Juruena	20.0	0.14	20.0	0.14
Corporate	-10.2	-0.07	-9.9	-0.07
Cash	3.4	0.02	4.2	0.03
Debt	-5.0	-0.04	0.0	0.00
Total	61.0	0.43	66.3	0.47

Sensitivity Analysis

	Valuation \$/share	%	Posse \$/share	%
Base Case	0.43		0.12	
Exchange Rate +10%	0.39	-10%	0.07	-37%
Exchange Rate -10%	0.45	5%	0.14	18%
FeO Price +10%	0.45	4%	0.13	15%
FeO Price -10%	0.39	-10%	0.07	-39%
Operating Costs +10%	0.40	-8%	0.08	-30%
Operating Costs -10%	0.44	2%	0.12	6%

Reserves & Resources

Resources - Iron Ore	Mt	Fe %	SiO2 %	P%
Posse				
Indicated & Inferred	36.0	43.5	35.0	0.02
Resources - Gold	Mt	g/t Au	Koz Au	
<i>Borborema</i>				
Measured	8.2	1.22	320	
Indicated	42.8	1.12	1,550	
M + I	50.9	1.14	1,870	
Inferred	17.6	1.00	570	
Total M + I + I	68.6	1.10	2,430	
Reserves - Gold	Mt	g/t Au	Koz Au	
<i>Borborema</i>				
Proven	Oxide	0.7	0.80	17
	Fresh	7.3	1.25	292
Probable	Oxide	1.7	0.70	38
	Fresh	32.8	1.20	1,260
Total Reserves	42.4	1.18	1,610	

Production Summary

	Unit	2013A	2013 2HA	2014E	2015E
Iron Ore Shipped (kt)					
Posse	kt	86	153	302	380
Cash Cost	A\$/t	19.4	14.0	14.5	14.1

Price Assumptions

	Unit	2013A	2013 2HA	2014E	2015E
FeO Price - NPO	US\$/t	66.0	65.0	63.8	58.1
FeO Price - Hematitinha	US\$/t	46.2	45.5	44.6	40.7
AUDUSD		0.99	0.92	0.90	0.77

Directors

Directors	Company Information
Stephen Copulos (NE Chairman)	Suite 2, Level 2, 35 Havelock St
Rob Smakman (MD)	West Perth, WA 6005
Paul Stephen (Exec Dir)	+61 8 9320 7500
David Netherway (Non Exec Dir)	www.crusaderresources.com
Mauricio Ferreira (Non Exec Dir)	
John Evans (Non Exec Dir)	

Top Shareholders

	m shares	%
Copulos Group	28.03	19.89%
International Finance Corporation	13.79	9.79%

Management

	m shares	%
Management	37.43	26.56%

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